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JAPAN HIGHLIGHTS, 1-13 January 1985

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US-JAPAN SUMMIT

Nakasone's Goals: Press reports in the days leading up to the 2 January summit suggested Prime Minister Nakasone had much to gain from the meeting, and subsequent commentary indicates he accomplished what he set out to do:

- Further cultivate his friendship with the President.
- Reconfirm strong bilateral ties.
- Keep his visibility and popularity high. With businesses shut down for the New Year's holiday, the Japanese people were home to watch the extensive television coverage of the Prime Minister's meeting with the President.
- Personally sound out the United States on policy toward the Soviet Union. According to Japanese political observers, Nakasone still hopes to achieve a diplomatic breakthrough with the Soviets before his term is over but wants to keep in step with Washington.

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This memorandum was prepared by [ ] Japan Branch, Northeast Asia Division, Office of East Asian Analysis. Information available as of 13 January was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Japan Branch, Northeast Asia Division, OEA, [ ]

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Domestic reaction: Some commentators questioned the need for the Prime Minister to make what they referred to as a "pilgrimage" to the United States, but major newspaper editorials--including those in the liberal Asahi Shimbun--have generally reacted favorably to the results of the summit. Although journalists have alerted readers to growing nationalism in both the United States and Japan, which, if unchecked, could further aggravate bilateral trade relations, and have pointed to US inability and unwillingness to correct high interest rates, the papers have not dwelt on criticism of the United States as much as in the past. [redacted]

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Japanese leftists have attacked Nakasone's "understanding" of the SDI issue, but the Asahi--which rarely comes out in support of the Prime Minister--has suggested that in fact it was President Reagan's position on SDI that brought the Soviets to the negotiating table. The paper also praises the President for quelling anti-Japanese sentiment, and all editorials have pointed out the benefit of the close "Ron-Yasu" ties. [redacted]

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The media warn, however, that the bilateral relationship faces formidable challenges and repeatedly emphasize the need to open the Japanese market. Most of the commentaries close by urging the public to share with the Prime Minister the "heavy burden" of keeping the promises made to the President. [redacted]

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Follow-up: Press reports suggest a mixed outlook for fulfilling those promises. Without exception, the media predict prospects for formulating concrete measures to ease friction in the medical equipment, pharmaceutical, and forest products sectors by March are bleak. Both the Medical Association and the lumber industries are powerful financial backers of the Liberal Democratic Party. During the past two weeks, faction leaders and former Prime Ministers Suzuki and Fukuda have been quoted as commenting that some of the bilateral issues raised during the summit are "too difficult to solve." [redacted]

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On the other hand, the press reports the special Cabinet committee to study external trade problems will place priority on electronics and telecommunications and by March hopes to come up with measures that will satisfy Washington. The president of the powerful Keidanren business association recently urged Japan to accept US demands to help reduce the trade imbalance, arguing that Tokyo cannot simply stand idly by and call on Washington to support the free trade system and reject protectionism. His comments are the strongest public statements on trade friction made by a Japanese business leader to date. [redacted]

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Meanwhile, the chairman of the US-Japan Economic Cooperation Council reportedly believes trade issues should be discussed and solved not by politicians but by private businessmen, who can take a "realistic" approach. [redacted]

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PREVIEW: 16-31 JANUARY

Nakasone returns home from a trip to Australia, New Zealand, Papua Guinea, and Fiji on 20 January. Reporters speculate that Japan's cooperation with the Pacific Basin nations will continue to be an important agenda item for Nakasone, although some observers suspect his Pacific Basin project will not live up to its publicity. Some in the media consider the Prime Minister's stop in Canberra primarily an attempt to pacify the Australians, who have complained for years about the trade imbalance between the two countries and about Japan's attaching too much importance to the United States when making trade concessions. [REDACTED]

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After a busy diplomatic schedule during the first part of January, Nakasone will turn to domestic politics when the 102nd regular Diet session reconvenes--the date is tentatively set for 25 January. The opening ceremonies, featuring speeches by the Emperor and the Prime Minister, will be followed by introduction of the JFY 1985 budget. The opposition parties are likely to focus on such controversial topics as defense spending, the annuity bills held over from December, and political ethics--with Nakasone ally former Prime Minister Tanaka as a target. [REDACTED]

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